

TIRNO-93-C-0026
Incurred Costs and Indirect Expense Rates
Audit Fiscal Year 2000

August 2002

Reference Number: 2002-1C-153

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.



INSPECTOR GENERAL
for TAX
ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

August 21, 2002

MEMORANDUM FOR DAVID A. GRANT
DIRECTOR OF PROCUREMENT
INTERNAL REVENUE SERVICE

FROM: Pamela J. Gardiner
Deputy Inspector General for Audit

SUBJECT: TIRNO-93-C-0026: Incurred Costs and Indirect Expense Rates
Audit Fiscal Year 2000 (Audit #200210002.028)

The Defense Contract Audit Agency (DCAA) examined the contractor's May 30, 2001 certified final indirect cost rate proposal and related books and records for reimbursement of Fiscal Year 2000 incurred costs. The purpose of the examination was to determine the allowability and allocability of direct costs and indirect cost rates and establish audit-determined indirect cost rates for October 1, 1999 through September 30, 2000. The proposed rates apply primarily to flexibly priced contracts.

The DCAA considers the contractor's accounting system to be generally adequate for the proper accumulation and reporting of costs under government contracts. The DCAA also stated that claimed direct costs are provisionally approved pending final acceptance. However, the DCAA audit disclosed unallowable costs, unallocable costs, and unsupported costs in the proposed General and Administrative (G&A) expense pool. In addition, the proposed G&A expense pool included a duplication of residual occupancy costs.

The information in this report should not be used for purposes other than that intended without prior consultation with the Treasury Inspector General for Tax Administration regarding its applicability.

If you have any questions, please contact me at (202) 622-6510 or Daniel R. Devlin, Assistant Inspector General for Audit (Headquarters Operations and Exempt Organizations Programs), at (202) 622-8500.

Attachment

NOTICE:

The Office of Inspector General for Tax Administration has no objection to the release of this report, at the discretion of the contracting officer, to duly authorized representatives of the contractor.

The contractor information contained in this report is proprietary information. The restrictions of 18 USC 1905 must be followed in releasing any information to the public.

This report may not be released without the approval of this office, except to an agency requesting the report for use in negotiating or administering a contract with the contractor.

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